



February 9, 2005

HOUSE BILL No. 1534

DIGEST OF HB 1534 (Updated February 2, 2005 4:11 pm - DI 103)

Citations Affected: IC 6-3.5.

Synopsis: Regional venture capital funds. Authorizes counties, cities, and towns that receive county economic development income taxes to establish regional venture capital funds by pooling taxes payable to the participating units. Provides that a regional venture capital fund shall be administered by a governing board. Authorizes the governing board to make grants or loans from the fund to public or private entities for economic development purposes.

Effective: July 1, 2005.

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January 18, 2005, read first time and referred to Committee on Commerce, Economic Development and Small Business.

February 8, 2005, amended, reported — Do Pass; referred to Committee on Ways and Means pursuant to Rule 127.

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February 9, 2005

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE BILL No. 1534

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.5-7-13.1 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13.1. (a) The fiscal
3 officer of each county, city, or town for a county in which the county
4 economic development tax is imposed shall establish an economic
5 development income tax fund. Except as provided in sections 23, 25,
6 26, and 27 of this chapter, the revenue received by a county, city, or
7 town under this chapter shall be deposited in the unit's economic
8 development income tax fund.

9 (b) Except as provided in sections 15, 23, 25, 26, and 27 of this
10 chapter, revenues from the county economic development income tax
11 may be used as follows:

12 (1) By a county, city, or town for economic development projects,
13 for paying, notwithstanding any other law, under a written
14 agreement all or a part of the interest owed by a private developer
15 or user on a loan extended by a financial institution or other
16 lender to the developer or user if the proceeds of the loan are or
17 are to be used to finance an economic development project, for

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the retirement of bonds under section 14 of this chapter for economic development projects, for leases under section 21 of this chapter, or for leases or bonds entered into or issued prior to the date the economic development income tax was imposed if the purpose of the lease or bonds would have qualified as a purpose under this chapter at the time the lease was entered into or the bonds were issued.

(2) By a county, city, or town for:

(A) the construction or acquisition of, or remedial action with respect to, a capital project for which the unit is empowered to issue general obligation bonds or establish a fund under any statute listed in IC 6-1.1-18.5-9.8;

(B) the retirement of bonds issued under any provision of Indiana law for a capital project;

(C) the payment of lease rentals under any statute for a capital project;

(D) contract payments to a nonprofit corporation whose primary corporate purpose is to assist government in planning and implementing economic development projects;

(E) operating expenses of a governmental entity that plans or implements economic development projects;

(F) to the extent not otherwise allowed under this chapter, funding substance removal or remedial action in a designated unit; or

(G) funding of a revolving fund established under IC 5-1-14-14.

(3) For a regional venture capital fund established under section 13.5 of this chapter.

(c) As used in this section, an economic development project is any project that:

(1) the county, city, or town determines will:

(A) promote significant opportunities for the gainful employment of its citizens;

(B) attract a major new business enterprise to the unit; or

(C) retain or expand a significant business enterprise within the unit; and

(2) involves an expenditure for:

(A) the acquisition of land;

(B) interests in land;

(C) site improvements;

(D) infrastructure improvements;

(E) buildings;

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- 1 (F) structures;
- 2 (G) rehabilitation, renovation, and enlargement of buildings
- 3 and structures;
- 4 (H) machinery;
- 5 (I) equipment;
- 6 (J) furnishings;
- 7 (K) facilities;
- 8 (L) administrative expenses associated with such a project,
- 9 including contract payments authorized under subsection
- 10 (b)(2)(D);
- 11 (M) operating expenses authorized under subsection (b)(2)(E);
- 12 or
- 13 (N) to the extent not otherwise allowed under this chapter,
- 14 substance removal or remedial action in a designated unit;
- 15 or any combination of these.

16 SECTION 2. IC 6-3.5-7-13.5 IS ADDED TO THE INDIANA
 17 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 18 [EFFECTIVE JULY 1, 2005]: **Sec. 13.5. (a) The general assembly**
 19 **finds that counties and municipalities in Indiana have a need to**
 20 **foster economic development, the development of new technology,**
 21 **and industrial and commercial growth. The general assembly finds**
 22 **that it is necessary and proper to provide an alternative method for**
 23 **counties and municipalities to foster the following:**

- 24 (1) Economic development.
- 25 (2) The development of new technology.
- 26 (3) Industrial and commercial growth.
- 27 (4) Employment opportunities.
- 28 (5) The diversification of industry and commerce.

29 It is declared that the fostering of economic development and the
 30 development of new technology under this section for the benefit
 31 of the general public, including industrial and commercial
 32 enterprises, is a public purpose.

33 (b) The fiscal bodies of two (2) or more counties or
 34 municipalities may, by resolution, do the following:

- 35 (1) Determine that part or all the taxes received by the units
- 36 under this chapter should be combined to foster:
- 37 (A) economic development;
- 38 (B) the development of new technology; and
- 39 (C) industrial and commercial growth.
- 40 (2) Establish a regional venture capital fund.

41 (c) Each unit participating in a regional venture capital fund
 42 established under subsection (b) may deposit the following in the

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fund:

(1) Taxes distributed to the unit under this chapter.

(2) The proceeds of public or private grants.

(3) Any other funds legally available to the unit.

(d) A regional venture capital fund shall be administered by a governing board. The expenses of administering the fund shall be paid from money in the fund. The governing board shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited into the fund. The fund is subject to an annual audit by the state board of accounts. The fund shall bear the full costs of the audit.

(e) The fiscal body of each participating unit shall approve an interlocal agreement created under IC 36-1-7 establishing the terms for the administration of the regional venture capital fund. The terms must include the following:

(1) The membership of the governing board.

(2) The amount of each unit's contribution to the fund.

(3) The procedures and criteria under which the governing board may loan or grant money from the fund.

(4) The procedures for the dissolution of the fund and for the distribution of money remaining in the fund at the time of the dissolution.

(f) An interlocal agreement made by the participating units under subsection (e) must be submitted to the Indiana economic development corporation for approval before the participating units may contribute to the fund.

(g) A majority of members of a governing board of a regional venture capital fund established under this section must have at least fifteen (15) years of experience in business, finance, or venture capital.

(h) The governing board of the fund may loan or grant money from the fund to a private or public entity if the governing board finds that the loan or grant will be used by the borrower or grantee for at least one (1) of the following economic development purposes:

(1) To promote significant employment opportunities for the residents of the units participating in the regional venture capital fund.

(2) To attract a major new business enterprise to a participating unit.

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- 1 (3) To develop, retain, or expand a significant business
2 enterprise in a participating unit.
3 (i) The expenditures of a borrower or grantee of money from a
4 regional venture capital fund that are considered to be for an
5 economic development purpose include expenditures for any of the
6 following:
7 (1) Research and development of technology.
8 (2) Job training and education.
9 (3) Acquisition of property interests.
10 (4) Infrastructure improvements.
11 (5) New buildings or structures.
12 (6) Rehabilitation, renovation, or enlargement of buildings or
13 structures.
14 (7) Machinery, equipment, and furnishings.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Commerce, Economic Development and Small Business, to which was referred House Bill 1534, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 3, line 33, delete "three (3)" and insert "**two (2)**".

Page 4, line 29, delete "Each member" and insert "**A majority of members**".

and when so amended that said bill do pass.

(Reference is to HB 1534 as introduced.)

BORROR, Chair

Committee Vote: yeas 9, nays 3.

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